

Memorandum



To : SAC, WMFO (58D-WF-NEW)

Date 3/25/91

From : *JB* SSA [redacted] (C-9)

Subject: [redacted]

dba THOLK DEVELOPMENT COMPANY,
CLEVELAND, OHIO;
CFPO - FEDERAL BRIBERY - OTHER
(OO:WMFO)

460-1054

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Attached is a copy of a letter dated 3/21/91 from AUSA [redacted] Chief, Criminal Division, Eastern District of Virginia (EDVA) to [redacted] Chief, Public Integrity Section (PIS), U.S. Department of Justice, setting out information relative to a procurement fraud investigation being conducted by Defense Criminal Investigative Service (DCIS). Allegations of bribes to U.S. Government officials have come out of this investigation and EDVA has requested assistance by the FBI. PIS assistance has also been requested as information has been developed to include the possibility of "illicit, non-campaign contribution payments" to Ohio Senator JOHN GLENN.

During a telephone conversation between the writer and EDVA AUSA [redacted] on 3/22/91 it was learned that witnesses are available who might have information alleging that additional Ohio Congressmen may have received money or gratuities from captioned subjects, to include using a boat which [redacted] owns for entertainment cruises along the Potomac River. One Congressman identified by AUSA [redacted] recently defeated Congressman DONALD (Buz) LUKENS. No other members of Congress were identified.

In view of this it is recommended that captioned matter be opened and assigned as a possible Bribery investigation of Federal officials. Should the investigation develop more substantive information concerning members of Congress title and alpha designators will be changed accordingly.

SAC authority is requested to open and assign captioned matter.

1-WMFO
DEB:pfs
(1)

Appeared 3/25/91 OTT New

1 58D-172862-2*

to SA [redacted]

3-25-98

3/26/91

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 25 1991	
FBI - WASH. METRO FIELD OFFICE	

[Handwritten signatures and initials over the stamp]



U.S. Department of Justice

United States Attorney
Eastern District of Virginia

1101 King Street
Suite 502
Alexandria, Virginia 22314
March 21, 1991

703/706-3700
FTS/574-3700

[redacted] Esq.
Chief, Public Integrity Section
Criminal Division
Department of Justice
Room 12100
1400 New York Avenue, N.W.
Washington, D.C. 20530

Re: Holk Development Company; [redacted]

Attn: [redacted] Trial Attorney

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Dear Mr. [redacted]

During the course of a procurement fraud investigation into the activities of Holk Development Corporation and its owner, [redacted] (which is being conducted by the Defense Criminal Investigative Service of the Department of Defense), allegations have been made by multiple witnesses of bribery of federal government officials, which we want to bring to your attention. Although the investigation is still at a preliminary stage, the information gathered thus far leads us to invite and request the participation of the Public Integrity Section in the investigation, and to request your assistance in having the Federal Bureau of Investigation join the investigation. We have advised the Acting Special Agent in Charge of the Washington Field Office, Defense Criminal Investigative Service, of the necessity of bringing the FBI into the case pursuant to their Memorandum of Understanding, and he concurs.

Holk Development Company is a contractor headquartered in Cleveland, Ohio. One witness interviewed by DCIS admitted paying an \$11,000 cash bribe to a Pentagon official at the direction of [redacted] Holk's owner. Another witness had told us of illicit, non-campaign contribution payments made to Ohio Senator John Glenn, and certain Ohio Congressmen by [redacted]. Inside employees and former employees of Holk have told us of loansharking being conducted out of Holk's construction trailer at the Pentagon, and have actually admitted falsifying and altering contract documents at the direction of [redacted] and other company officials.

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[redacted] Esq.

March 21, 1991
Page two

According to one witness named [redacted] a participant in the \$11,000 bribe to a Pentagon official, [redacted] has been "paying off" people since he arrived at the Pentagon doing renovation work.

The Army Procurement Fraud Division, Department of the Army, is already contemplating taking suspension and debarment action against Holk for false claims. We have learned of recent threats made by [redacted] to Army contracting officials. At one proceeding this week, [redacted] showed up with two thugs purporting to be Holk employees, in an obvious attempt to intimidate the Army's contracting official.

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[redacted] We have already spoken with Supervisory Special Agent [redacted] of Squad C-9, Washington Metropolitan Field Office (202) 324-6268, and they are willing to participate in this matter. At its present posture, this investigation appears to be one where consensual electronic surveillance and other undercover techniques would be fruitful.

The United States Attorney has been briefed on this case, and it is presently assigned in our Alexandria office to [redacted] and Special Assistant United States Attorney [redacted]. [redacted] We will also make sure that any further investigation and interviews are coordinated between the FBI, DCIS, Public Integrity Section, and our office.

Thank you for your assistance in this matter.

Very truly yours,

HENRY E. HUDSON
UNITED STATES ATTORNEY

By: [redacted]

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Assistant United States Attorney
Chief, Criminal Division

cc: [redacted]

JWW:eab

BIRD
C-9

FBI

TRANSMIT VIA:
 Teletype
 Facsimile
 AIRTEL

PRECEDENCE:
 Immediate
 Priority
 Routine

CLASSIFICATION:
 TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 3/28/91

FM FBI WMFO (58D-WF-172862) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

CITE: //3920//

PASS: SSA [REDACTED] PCU, WCC SECTION.

SUBJECT: [REDACTED] DBA HOLK

DEVELOPMENT COMPANY, CLEVELAND, OHIO; CFPO - FEDERAL BRIBERY -
OTHER; (OO:WMFO).

RE: TELCALL BETWEEN WMFO SSA [REDACTED] AND PCU SSA

[REDACTED] DATED 3/22/91.

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FOR INFORMATION OF FBIHQ CAPTIONED MATTER HAS BEEN OPENED
 UNDER SAC AUTHORITY IN RESPONSE TO A LETTER DATED 3/21/91 FROM
 AUSA [REDACTED] CHIEF, CRIMINAL DIVISION, U.S.
 ATTORNEY'S OFFICE, EASTERN DISTRICT OF VIRGINIA (EDVA) TO
 [REDACTED] CHIEF, PUBLIC INTEGRITY SECTION (PIS),

Approved: 752/673 Original filename: PFS001 W.O 87
 Time Received: 11:03 Telprep filename: PFS001 SO. O 87
 MRI/JULIAN DATE: 1043/087 ISN: 017
 FOX DATE & TIME OF ACCEPTANCE: 1605 3/28/91

[^]PAGE 2 (WMFO 58D-WF-172862) (UNCLAS)

U.S. DEPARTMENT OF JUSTICE (DOJ) ASKING ASSISTANCE FROM PIS AS WELL AS THE FBI WITH AN ONGOING CRIMINAL INVESTIGATION CURRENTLY BEING CONDUCTED IN THE EDVA BY THE U.S. DEPARTMENT OF DEFENSE (DOD) DEFENSE CRIMINAL INVESTIGATIVE SERVICE (DCIS).

AUSA [REDACTED] LETTER STATED THAT AS A RESULT OF THE ONGOING DCIS PROCUREMENT FRAUD INVESTIGATION ALLEGATIONS HAVE BEEN MADE BY MULTIPLE WITNESSES OF BRIBERY OF FEDERAL GOVERNMENT OFFICIALS. HOLK DEVELOPMENT COMPANY IS A CONTRACTOR WHICH FOR THE PAST SEVERAL YEARS HAS CONTRACTED FOR RENOVATION PROJECTS WITHIN THE PENTAGON. ONE WITNESS INTERVIEWED BY DCIS HAS ADMITTED TO PAYING AN \$11,000 CASH b6 b7C
BRIBE TO A PENTAGON OFFICIAL, [REDACTED] (POSITION UNKNOWN) AT THE DIRECTION OF HOLK DEVELOPMENT'S OWNER, [REDACTED]
ANOTHER WITNESS HAS TOLD DCIS ABOUT "ILLICIT NON-CAMPAIGN CONTRIBUTION PAYMENTS" MADE TO OHIO SENATOR JOHN GLENN AS WELL AS OTHER OHIO CONGRESSMEN (NOT IDENTIFIED IN THE LETTER).
CURRENT AND FORMER HOLK EMPLOYEES HAVE ALSO TOLD DCIS OF ILLEGAL GAMBLING AND LOANSHARKING BEING CONDUCTED OUT OF HOLK'S CONSTRUCTION TRAILER AT THE PENTAGON.

^PAGE 3 (WMFO 58D-WF-172862) (UNCLAS)

ON 3/22/91 WMFO SSA [REDACTED] DISCUSSED THIS MATTER WITH EDVA
AUSA [REDACTED] WHO HAS RECENTLY BEEN ASSIGNED TO THIS
MATTER, AND IT WAS LEARNED THAT THE ALLEGED \$11,000 BRIBE, AS
WELL AS ALLEGED BRIBES TO OTHER PENTAGON OFFICIALS [REDACTED]
HAS BEEN "PAYING OFF" DATE BACK TO SOMETIME IN 1987 AND WERE
NOT MADE KNOWN TO THE U.S. ATTORNEY'S OFFICE UNTIL AS RECENTLY
AS 3/11/91. [REDACTED] WAS UNABLE TO PROVIDE ADDITIONAL DETAILS
AT THIS TIME, BUT ADVISED THAT MUCH OF THE INFORMATION
CONCERNING ALLEGATIONS OF BRIBES AND CORRUPTION WAS DEVELOPED
BY DCIS INVESTIGATORS AS FAR BACK AS 1989. FOR REASONS
UNKNOWN AT THIS TIME THIS INFORMATION WAS NOT BROUGHT TO THE
ATTENTION OF THE U.S. ATTORNEY'S OFFICE UNTIL NOW.

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AUSA [REDACTED] IS IN THE PROCESS OF REVIEWING MATERIALS AT
THIS TIME, A GOOD PORTION OF WHICH ARE IN THE POSSESSION OF
DCIS, AND HE WAS UNABLE TO PROVIDE ANY FURTHER INFORMATION
CONCERNING ALLEGATIONS AGAINST SENATOR GLENN. ANOTHER OHIO
CONGRESSMAN WHOSE NAME HAS SURFACED DURING THE DCIS
INVESTIGATION IS CONGRESSMAN DONALD (BUZ) LUKENS, WHO WAS
DEFEATED IN THE LAST ELECTION, HOWEVER, AS WITH SENATOR GLENN,
NO SPECIFIC INFORMATION IS CURRENTLY AVAILABLE. AUSA [REDACTED]

[^]PAGE 4 (WMFO 58D-WF-172862) (UNCLAS)

WAS ABLE TO RELATE THAT ONE CURRENT AND ONE FORMER HOLK EMPLOYEE ARE WILLING TO COOPERATE IN THIS MATTER AND HAVE TOLD DCIS THAT HOLK MAINTAINS AND OPERATES A YACHT ON THE POTOMAC RIVER IN WASHINGTON, D.C., WHICH IS USED TO ENTERTAIN U.S. GOVERNMENT OFFICIALS, BOTH MILITARY AND PUBLIC. DEPENDING ON WHAT INFORMATION AND ASSISTANCE THESE INDIVIDUALS ARE ABLE TO PROVIDE THERE IS A GOOD POSSIBILITY FOR USE OF SEVERAL INVESTIGATIVE TECHNIQUES, INCLUDING CONSENSUAL MONITORING AND/OR UNDERCOVER. THIS POSSIBILITY WILL BE EXPLORED ONCE MORE INFORMATION HAS BEEN OBTAINED AND SUBSTANTIATED.

AUSA [REDACTED] CONCURRED THAT INFORMATION RELATIVE TO b6 b7C
BRIBERY AND CORRUPTION IS SKETCHY, BUT STATED THAT FROM HIS INITIAL REVIEW OF INFORMATION THERE APPEARS TO BE TREMENDOUS POTENTIAL FOR PUTTING TOGETHER A MAJOR RICO CASE. BECAUSE OF THIS AND THE INDICATION OF MISCONDUCT INVOLVING MEMBERS OF CONGRESS THE U.S. ATTORNEY'S OFFICE IS OF THE OPINION THAT FBI INVOLVEMENT IS REQUIRED AND, AS PREVIOUSLY MENTIONED, HAS ALSO ASKED FOR PIS INVOLVEMENT.

WMFO HAS AGREED TO ASSIST WITH THIS MATTER, AND HAS ALSO DISCUSSED THIS WITH ACTING SPECIAL AGENT IN CHARGE OF THE DCIS

^PAGE 5 (WMFO 58D-WF-172862) (UNCLAS)

WASHINGTON FIELD OFFICE, [REDACTED] WHO IS IN AGREEMENT.

INFORMATION AVAILABLE AT THIS TIME IS LIMITED AND WMFO HAS REQUESTED A MEETING WITH THE U.S. ATTORNEY'S OFFICE EDVA, PIS b6 AND DCIS WHICH HAS TENTATIVELY BEEN SCHEDULED FOR 4/3/91. AT b7C THIS TIME WMFO WILL RECEIVE A COMPLETE BRIEFING AND ALL AVAILABLE INFORMATION WILL BE PROVIDED. IT IS ALSO ANTICIPATED THAT AN INVESTIGATIVE STRATEGY WILL BE DEVELOPED AND THE FBI'S ROLE DEFINED. WMFO WILL ASSESS THE UTILIZATION OF POTENTIAL CWS AND WILL ALSO ATTEMPT TO DETERMINE AS MUCH AS POSSIBLE THE EXTENT OF INFORMATION CURRENTLY AVAILABLE ALLEGING IMPROPRIETIES ON THE PART OF MEMBERS OF CONGRESS OR OTHER PUBLIC OFFICIALS.

THE BUREAU WILL BE APPRISED OF ADDITIONAL INFORMATION AS IT BECOMES AVAILABLE TO WMFO AND WILL BE KEPT APPRISED OF PERTINENT DEVELOPMENTS AND/OR PLANS OF ACTION AS DEEMED NECESSARY.

BT

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/19/91

1

[redacted], date of birth

[redacted] residence [redacted]
Virginia, residence telephone [redacted] was contacted at
United States Attorney's Office, Eastern District of Virginia,
and advised of the official identities of the interviewing
Special Agents. [redacted] was advised that the interview concerned
activities related to Holk Development, Inc. (Holk) and persons
associated with it. [redacted] then furnished the following
information:

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[redacted]

When asked whether HDI took shortcuts in its jobs,
[redacted] stated that she heard they were not double bagging or
wetting during asbestos removal.

[redacted]

[redacted]

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b7DInvestigation on 4/6/91 at Alexandria, Virginia File # 58D-WF-172862DCIS SA [redacted] *Port*
by FBI SA [redacted] Date dictated 4/12/91*Rea*

58D-WF-172862

Continuation of FD-302 of [redacted]

, On 4/6/91, Page 2

[redacted]
[redacted]
[redacted]
[redacted]

At one time, [redacted] had three racehorses, which he kept at Pimlico and Laurel. [redacted] (Phonetic) rode [redacted] horse, and a man named [redacted] was his horse trainer. [redacted] had to pay a boarding fee, for training and for a jockey. [redacted] [redacted] was one of [redacted] first horses, and he may still have [redacted] was a young horse that he may still have. If [redacted] was not able to go to the track, "which was a priority," he would call [redacted] to place bets. [redacted] did not pay attention to the dollar amounts or details of the bets.

[redacted] was paid almost as much as [redacted] which [redacted]

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[redacted]
[redacted]

58D-WF-172862

Continuation of FD-302 of [redacted]

, On 4/6/91, Page 3

[redacted]

[redacted]

[redacted]

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[redacted] stated that she was so sure that Holk would not get the certificate of competency because of their history with the vendors, and other problems. She thought that if a government agency did any investigating that Holk would not get the certificate of competency.

[redacted]

[redacted]

[redacted]

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Continuation of FD-302 of [redacted], On 4/6/91, Page 4

[redacted]
One evening when [redacted] met [redacted] and [redacted] was late, he said that EDDIE was not his only business.

[redacted] mentioned [redacted] (phonetic), which became Consolidated Electrical, and Smoot Lumber as being companies that Holk did business with.

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[redacted] from DCAA, asked about exaggerated payments to supervisors. He said that in all the audits he had done, he had never seen anyone paid like that, "just to stand around."

Regarding [redacted] actions relating to equitable adjustment claims that were submitted, [redacted] thinks that [redacted] "was doing what she was told to do." [redacted] heard her "squirming." [redacted] would want to justify the numbers, such as the number of men working at the sites.

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Continuation of FD-302 of [redacted]

, On 4/6/91, Page 5

[redacted]
[redacted]
When asked why [redacted] asked them to write these
checks, [redacted] stated that [redacted] "could no longer write checks
to Congressmen." [redacted]

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Holk employees were told that if they did not show proof that they had medical insurance through Holk or otherwise, that they would be fired.

[redacted] brother, worked at Annapolis and decided to go "on strike." He wanted to know why they were not being paid the appropriate rate for asbestos

58D-WF-172862

Continuation of FD-302 of [redacted]

, On 4/6/91, Page 6

[redacted]
From his appearance, [redacted] looks as though he could have a drug problem. Also, [redacted] mentioned that one time on the boat [redacted] was using "coke" with a lady.

[redacted]

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

/READ 1005/119
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DE FBIWMFO #2019 1191547

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R 201842Z APR 91

FM FBI WMFO (58D-WF-172862) (P) (C-9)

TO FBI BALTIMORE/ROUTINE/

FBI CINCINNATI/ROUTINE/

FBI CLEVELAND/ROUTINE/

BT

UNCLAS

SECTION ONE OF THREE SECTIONS

CITE: //3922//

PASS: CLEVELAND, SQUAD 7, SSA [REDACTED]

SUBJECT: [REDACTED] AKA [REDACTED]

[REDACTED] AKA [REDACTED] DBA [REDACTED], INC., 7919-

PARSON DRIVE, FORESTVILLE, MARYLAND, OFPC-FEDERAL BRIGADE -

OTHER: OO: WMFO

RE: 4/8/91, WMFO TELMALS OF SA [REDACTED]

TO CV SQUAD 7 SSA [REDACTED] AND SQUAD 2 SSA [REDACTED] ANG

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D p.3-4
Re

58D WF 172862-5

SEARCHED	INDEXED
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MAY 01 1991

FBI - WASHINGTON D.C.
FBI OFFICE
[REDACTED]

PAGE TWO DE FBI WFO 3015 UNCLAS

4/25/91, CV TELCALL OF SA [REDACTED] TO WMFO SA [REDACTED]

[REDACTED]
THIS MATTER WAS OPENED BY WMFO UPON REFERRAL FROM THE
U.S. ATTORNEY'S OFFICE, EDVA, REGARDING INFORMATION DEVELOPED
IN A PROCUREMENT FRAUD INVESTIGATION BY THE DEFENSE CRIMINAL
INVESTIGATIVE SERVICE (DCIS), WASHINGTON FIELD OFFICE, WITH
WHICH WMFO IS INVESTIGATING JOINTLY.

HOLK DEVELOPMENT, INC. (HDI) BEGAN AS AN SBA BUSINESS IN
CLEVELAND, OHIO. [REDACTED]

[REDACTED] IS A POTENTIAL WITNESS AND/OR SUBJECT,
REGARDING AN ALLEGED \$11,000.00 BRIBE OF A PENTAGON OFFICIAL
BY [REDACTED] WHO CURRENTLY OWNS HDI WITH HIS WIFE.
[REDACTED] DESCRIBED THIS MARCH, 1987, INCIDENT

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[REDACTED]
SINCE 1987, HDI HAS HAD NEARLY \$14,000,000.00 IN
DEPARTMENT OF DEFENSE (DOD) CONSTRUCTION/RENOVATION CONTRACTS
AND CONTINUEE TO OBTAIN GENERAL SERVICES ADMINISTRATION (GSA)
CONTRACTS, DESPITE SIGNIFICANT PROBLEMS WITH CREDITORS AND

PAGE THREE DE FBI WASH DC 0219 UNCLAS

INADEQUATE RECORD KEEPING. HDI OBTAINED CONTRACTS TO PERFORM MAINTENANCE AND RENOVATIONS AT THE PENTAGON THROUGH THE FEDERAL FACILITIES DIVISION (FFD), WASHINGTON HEADQUARTERS SERVICE, THE PENTAGON. HDI WORKED WITH FFD OFFICIALS [REDACTED]

[REDACTED]
THE U.S. ARMY PROCUREMENT FRAD DIVISION IS CONSIDERING TAKING SUSPENSION AND DEBARMENT ACTION AGAINST HDI, FOR FALSE CLAIMS.

A DOD CONTRACTING OFFICIAL HAS DESCRIBED HOW SUPERIOR OFFICIALS AFFORDED HDI SPECIAL TREATMENT AND APPEARED TO AVOID b6 b7C CLOSE SCRUTINY OF THEIR PERFORMANCE.

FFD AND THE PROCUREMENT AND CONTRACTS OFFICE (PACO) ARE COMPONENTS OF THE REAL ESTATE AND FACILITIES DIRECTORATE, AT THE PENTAGON. AT A TIME WHEN EDDIE KRISHACK WAS COMPLAINING ABOUT BEING MISTREATED BY PACO, THE HEAD OF PACO AND

[REDACTED] DIRECTOR OF ADMINISTRATION AND MANAGEMENT (SOMETIMES CALLED "THE MAYOR OF THE PENTAGON"), OFFICE OF THE SECRETARY OF DEFENSE, WERE SUMMONED (BY WHOM NOT KNOWN) TO THE CAPITOL HILL OFFICE OF OHIO CONGRESSMAN EDWARD F. FEIGHAN.

FEIGHAN REPRESENTS OHIO'S 13TH CONGRESSIONAL DISTRICT, AND IS

PAGE FOUR DE FBIWMFO 0018 UNCLAS

FROM LAKEWOOD, OHIO. AFTER THIS MEETING, A COMMITMENT WAS MADE THAT REQUIRED FOUR DIFFERENT MANAGERIAL OFFICIALS TO SIGN OFF ON ALL FAXED CORRESPONDENCE TO [REDACTED]. A CONTRACTING OFFICIAL WITH 20 YEARS IN GOVERNMENT CONTRACTING HAD NEVER SEEN SUCH A REQUIREMENT.

AMONG EVIDENCE FURNISHED BY FORMER HDI EMPLOYEES IS WHAT APPEARS TO BE A HAND-WRITTEN AGREEMENT, EXECUTED BETWEEN CONGRESSMAN FEIGHAN AND [REDACTED] BY WHICH FEIGHAN AGREED FOR HIMSELF OR HIS WIFE, [REDACTED] TO PURCHASE 45 PERCENT OF HDI'S AFFILIATED COMPANY, HOLK ENVIRONMENTAL SERVICES, INC. (HOLK ENVIRONMENTAL). OTHER CHANGES IN THE DEBT STRUCTURE AND OWNERSHIP OF HDI AND HOLK ENVIRONMENTAL WERE SPECIFIED. THE AGREEMENT PROVIDED THAT FEIGHAN WAS TO "INSTRUCT [REDACTED] TO LEND HOLK ENVIRONMENTAL THE SUM OF SIXTY THOUSAND DOLLARS". A WITNESS FURNISHED THIS AGREEMENT AS AN APPARENT ENCLOSURE TO A LETTER ADDRESSED FROM HDI TO THE U.S. SMALL BUSINESS ADMINISTRATION (SBA). (THE LETTER, IF ACTUALLY MAILED, WAS IN SUPPORT OF SBA'S CONSIDERATION OF HDI'S CERTIFICATE OF COMPETENCY.)

A CONTRACTING OFFICIAL REPORTED THAT PERSONS AT THE PENTAGON HAD THEIR CARS OVERHAULED OR PAINTED BY HDI

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PAGE FIVE DE FBIWMFO 2018 UNCLAS

EMPLOYEES.

IT IS ALLEGED THAT A REGIONAL SBA OFFICIAL (OR FORMER OFFICIAL) WAS INVOLVED WITH A \$25,000.00 BRIBE TO HELP SECURE A GSA TERM CONSTRUCTION CONTRACT FOR HDI, WITH THE REQUIRED CERTIFICATE OF COMPETENCY, DESPITE A RECORD OF PROBLEMS IN PAYING VENDORS. THE BASIS FOR GRANTING OF HDI'S CERTIFICATE OF COMPETENCY IS BEING REVIEWED.

AN HDI EMPLOYEE HAS REPORTED THAT [REDACTED] MADE CAMPAIGN CONTRIBUTIONS TO OHIO CONGRESSMAN EDWARD F. FEIGHAN AND [REDACTED]

OTHER REPORTED CONTRIBUTIONS BY [REDACTED]

[REDACTED] HDI, OR ITS EMPLOYEE TO SENATOR JOHN GLENN AND OTHER OHIO CONGRESSMAN WILL BE REVIEWED, AS APPROPRIATE.

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ONE CURRENT AND ONE FORMER HDI EMPLOYEE HAVE DESCRIBED CHECKS THEY MADE TO CONGRESSMAN DONALD E. "BUZZ" LUKENS, FOR WHICH [REDACTED] REIMBURSED THEM, SOMETIMES WITH AN EXTRA AMOUNT INCLUDED. INVESTIGATION IS CONTINUING TO DETERMINE THE BASIS FOR THESE CHECKS.

[REDACTED] A BALTIMORE CONTRACTOR WHO OWNS [REDACTED] [REDACTED] MONEY FOR WORK DONE, WAS TOLD BY [REDACTED] TO REMOVE \$700.00 FROM HIS INVOICE AND PAY IT TO THE VORAVICH.

PAGE SIX DE FBIWFO 3012 UNCLAS

(PHONETIC)/DEVINE ELECTION COMMITTEE, IN OHIO.

HDI MAINTAINS A YACHT, THE JOANNE II, AT THE GANGPLANK PIER, MAINE AVENUE WATERFRONT, WASHINGTON, D.C., AND HAS REPORTEDLY ENTERTAINED MEMBERS OF CONGRESS AND OTHER OFFICIALS THERE. HDI EMPLOYEES HAVE DESCRIBED VISITS THERE BY OHIO

CONGRESSMAN EDWARD F. FEIGHAN, DENNIS B. SCHART, AND DONALD C. "BUZZ" LUKENS, AND THEN VIRGINIA CONGRESSMAN STAN PARISH.

FORMER OHIO CONGRESSMAN LYLE WILLIAMS SERVES AS A CONSULTANT TO HDI AND HAS GOTTEN CONGRESSMAN TO WRITE LETTERS ON

[REDACTED] BEHALF, IN SUPPORT OF HDI'S WORK.

[REDACTED] GAMBLERS IN ATLANTIC CITY, NEW JERSEY, AND WAS OWNED FROM ONE TO FOUR RACEHORSES, BELIEVED TO BE MAINTAINED AT EITHER FIMLICO RACE TRACK, BALTIMORE, MARYLAND OR THE LAUREL RACE TRACK, LAUREL, MARYLAND. [REDACTED] IS BELIEVED TO EMPLOY [REDACTED]

(PHONETIC) AS THE TRAINER FOR HIS HORSES. IT IS ALLEGED THAT

[REDACTED] SIGN, [REDACTED] CONDUCTED A GAMBLING OPERATION FOR HDI PERSONNEL, WHO NUMBERED APPROXIMATELY 40-50.

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READ 1006/119
0000 MRI 01036

RE FBI EA FBIW MFC

DE FBIWMFO #0019 115184Z

ZNR WISUU

R 291842Z APR 91

FM FBI WMFO (563-WF-172862) (S) (C-9)

TO FBI BALTIMORE/ROUTINE/

FBI CINCINNATI/ROUTINE/

FBI CLEVELAND/ROUTINE/

BT

UNCLAS

SECTION TWO OF THREE SECTIONS

CITEE: 7/3920/1

PASS: CLEVELAND, SQUAD 7, SSA [redacted]

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SUBJECT: [redacted]

[redacted] CEA HOLLY DEVELOPMENT, INC., FBI

HARSTON DRIVE, FORESTVILLE, MARYLAND; OFFO-FEDERAL BUREAU

OTHER: OO: WMFO.

TEXT CONTINUES:

THREATS OF JOE LOSS AND PHYSICAL HARM FOR FAILURE TO PAY

PAGE TWO DE FBIWMFC 0019 UNCLAS

GAMBLING DEBTS ARE ALSO ALLEGED.

EMPLOYEES OF HDI STATED THAT HDI DEDUCTED 3.5 PERCENT OF THEIR GROSS PAY FOR INSURANCE/PENSION BENEFITS, THROUGH KRISHACK INSURANCE AGENCY, CLEVELAND, OHIO, BUT MANY OF THE PROCEEDS WERE NOT PAID TO THE UNDERWRITER, HEMPER INSURANCE. SUCH DIVERSION MAY CONSTITUTE VIOLATIONS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA).

A CURRENT HDI EMPLOYEE HAS ADMITTED PARTICIPATION IN THE CREATION OF FALSE DOCUMENTATION TO SUPPORT EQUITABLE ADJUSTMENT CLAIMS AGAINST A DOE TERM CONTRACT.

IN RE 4/25/91 TECALL, CV EA [REDACTED] DISCOVERED CONTACTS BY [REDACTED] TRIAL ATTORNEY, DOJ CRIMINAL DIVISION, ORGANIZED CRIME AND RACKETEERING SECTION, WASH. WITH FBI, CLEVELAND SQUAD 2, INQUIRING ABOUT ANY ORGANIZED CRIME CONNECTIONS OF THE SUBJECTS HEREON. [REDACTED] ADVISED WHO THAT INFORMATION INDICATED [REDACTED] AND [REDACTED]

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[REDACTED] CHECKS PASSED THROUGH A MONEY LAUNDERING [REDACTED] IN CLEVELAND. [REDACTED] ALSO CAME UP AS A CONTRIBUTOR OF FUNDS TO THE "LIUNA" (LABORERS INTERNATIONAL UNION OF NORTH AMERICA, LOCAL #310 POLITICAL ACTION COMMITTEE. [REDACTED] ADVISED THAT LOCAL 310 IS RUN BY [REDACTED] BROTHER OF [REDACTED]

PAGE THREE DE FBIWMFO 0219 UNCLAS

[REDACTED] REPORTED TO BE CO-INVOLVED IN CLEVELAND. WMFO DESIRES TO COORDINATE WITH ANY RELATED CLEVELAND INVESTIGATION(S), IF CONNECTIONS TO THE ABOVE MATTERS ARE IDENTIFIED.

IN RE 4/2/81 RECALLS, CLEVELAND SGA [REDACTED] AND [REDACTED] ADVISED THAT CLEVELAND CONCURS IN TRAVEL OF FBI WMFO AND GULF CASE AGENTS FOR INTERVIEW OF [REDACTED], IF [REDACTED] AGREES.

WMFO REQUESTS EXPEDITED INDICES SEARCHES AND CRIMINAL CHECKS REGARDING PERSON [REDACTED]. HE IS BEING CONSIDERED FOR POSSIBLE IMMUNITY CONCERNING ASPECTS OF CAPTIONED INVESTIGATION.

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LEADS: BALTIMORE; AT BALTIMORE, MARYLAND.

WILL SEARCH INDICES AND CONDUCT CRIMINAL CHECKS REGARDING:

A.

[REDACTED] GENERAL CONTRACTOR.

BALTIMORE, MARYLAND;

B.

AXA [REDACTED]

SSAN: [REDACTED]

C.

AXA [REDACTED]

DOB: [REDACTED]

SSAN: [REDACTED]

PAGE FOUR DE FEINWES 0818 UNCLAS

[REDACTED] (OR [REDACTED] PHONETIC),
EMPLOYED AS A HORSE TRAINER BY [REDACTED] AT PIMLICO
AND/OR LAUREL RACE TRACK.

CINCINNATI; AT COLUMBUS, OHIO.

REGARDING THE COMPANIES HOLK DEVELOPMENT, INC. (CHARTER #574-263); HOLK ENVIRONMENTAL SERVICES, INC. (CHARTER #729-326); KRISHACK INSURANCE COMPANY (CHARTER #747-928); AND WALT PAT, INC. (LOCATION OF INCORPORATION NOT CERTAIN), WELLS

1. FROM THE OFFICE OF THE SECRETARY OF STATE, CORPORATIONS DIVISION, 30 EAST BROAD STREET, 14TH FLOOR, RHODES STATE OFFICE TOWER, COLUMBUS, OHIO, OBTAIN ARTICLES OF INCORPORATION (INCLUDING DATE FORMED, STATUTORY AGENT, INITIAL INCORPORATORS, AND SUBSEQUENT FILINGS);

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2. FROM THE OHIO DEPARTMENT OF TAXATION, 600 SPEEDWAY DRIVE NORTH, COLUMBUS, OHIO, OBTAIN ANNUAL FRANCHISE TAX REPORTS, INDICATING WHO THESE COMPANIES' CURRENT OFFICERS/DIRECTORS ARE.

CLEVELAND; AT CLEVELAND, OHIO.

1. WILL ATTEMPT, THROUGH NEWSPAPER MORGUES OR OTHER DISCREET PUBLIC SOURCE RECORDS, TO DETERMINE WHAT RELATIONSHIP

[REDACTED] HAS TO CONGRESSMAN EDWARD FEIGHAN;

PAGE FIVE DE FENIXPC 0019 UNCLAS

2. WILL SEARCH INDICES AND CONDUCT CRIMINAL CHECKS
REGARDING THE FOLLOWING:

A. [REDACTED] SSAN: [REDACTED] ON SDI PAYROLL IN
D.C. AREA; [REDACTED]

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(HER SSAN) [REDACTED]

B. HOLK DEVELOPMENT, INC., OFFICES AT 7925 PARSTON
DRIVE, FORESTVILLE, MARYLAND, AND 25,000 EUCLID AVENUE,
CLEVELAND, OHIO;

C. HOLK ENVIRONMENTAL SERVICES, 777 WALL STREET, VALLEY
VIEW, OHIO;

D. [REDACTED], AKA [REDACTED] BLACK MALE, DOB:

[REDACTED] SSAN: [REDACTED] RESIDENCE:
CLEVELAND, OHIO;

E. [REDACTED] AKA [REDACTED] WHITE MALE,
DOB: [REDACTED] SSAN: [REDACTED] (HAS A CONDO AT
[REDACTED] ARLINGTON, VIRGINIA);

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F. [REDACTED] WIFE, SSAN: [REDACTED]
RESIDENCE: [REDACTED] WICKLIFFE, OHIO 44092;

G. KRISHACK INSURANCE AGENCY, 25000 EUCLID AVENUE,
CLEVELAND, OHIO, OWNED BY [REDACTED]

PAGE SIX DE FBIWMEQ 0019 UNCLAS

H. [REDACTED] AKA [REDACTED] WHITE

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MALE, DOB: [REDACTED] SSAN: [REDACTED]

I. DONALD EARL "DUKE" LUKENS, DOB 2/11/31 MEMBER OF CONGRESS FROM 1987 UNTIL HE RESIGNED IN 1990;

J. [REDACTED] SSAN: [REDACTED] RESIDENCE: [REDACTED]

[REDACTED] OHIO; ALLEGED TO BE [REDACTED]

AT CLEVELAND, OHIO

[REDACTED] AKA [REDACTED] SSAN: [REDACTED]

HDI [REDACTED] [REDACTED] 17 A

COMPANY NAMED [REDACTED] WHICH MAY BE USED TO PURSUE GOVERNMENT CONTRACTS, IF HDI IS DEBARRED. RESIDENCE: 32711 WESTFORD COURT FALLS CHURCH, VIRGINIA.

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K. [REDACTED] OFFICE: [REDACTED] CLEVELAND,
OHIO; [REDACTED] ATTORNEY (REGARDING ANY CONNECTION WITH
THE [REDACTED] OR THEIR INTERESTS)

[REDACTED] & CO., [REDACTED]

MAYFIELD VILLAGE, OHIO 44146, ACCOUNTING FIRM WHICH TAINTED HDI, DESPITE ALLEGEDLY SCANT BUSINESS RECORDS,

BT

#0019

NNNN

Rec From 4/1/91
[REDACTED] Rec

1/7 1989 511

68-738-1614
560

Pay to the
Order of

Buzz Lukens
Two Thousand AND 00
100

\$ 2000.00

Dollars

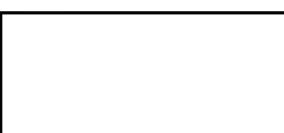
SOVRAN BANK.

Sovran Bank, N.A., Arlington, Virginia

Memo To a FRIEND Good Luck

[REDACTED]

[REDACTED]



Rec From
m 4/1/91 Rec
4/13 1990 642

68-738-1614
560

Pay to the
Order of

Buzz Lukens

\$ 1000.00

One Thousand

Dollars

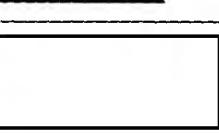
SOVRAN BANK.

Sovran Bank, N.A., Arlington, Virginia

Memo Look

[REDACTED]

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Rec From
4/1/91
8/9 1990 755
Rec

68-738-1614
560

Pay to the
Order of

Buzz Lukens

\$ 1000.00

One Thousand

Dollars

SOVRAN BANK.

Sovran Bank, N.A., Arlington, Virginia

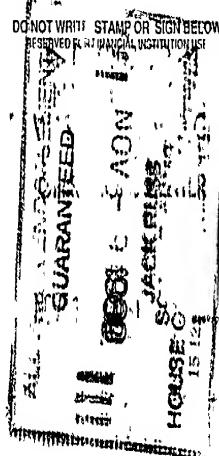
As Always - Hoping For
Memos your Silences

[REDACTED]

[REDACTED]

1-118
Tos 47L. 5
D E Jackson

6333 00306



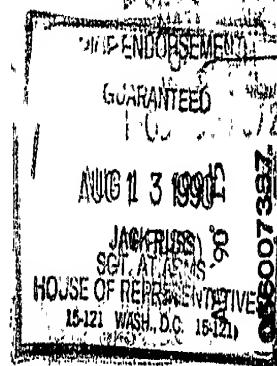
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D. Edwards

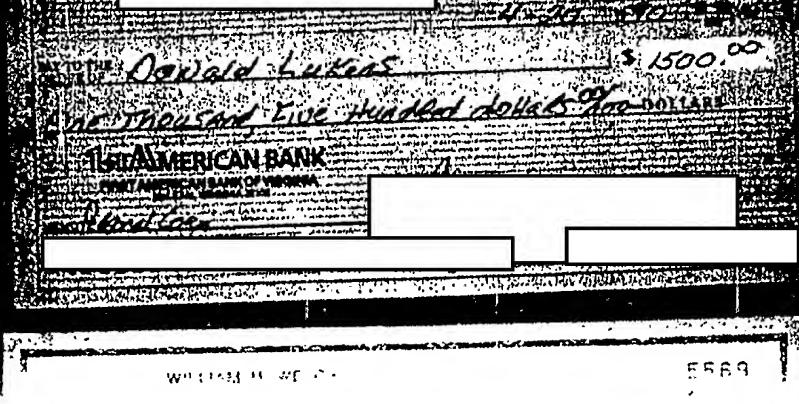
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NAT'L MUSEUM
OF N. AM.
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D. E. Lukens
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FBI

X AIRTEL

TRANSMIT VIA

- Teletype
- Facsimile
-

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 12/23/92

TO : DIRECTOR, FBI
 ATTENTION: FBI LABORATORY

FROM : SAC, WMFO (58D-WF-172862) (C-20, NVMRA) (P)

SUBJECT :

DONALD EARL LUKENS,
 AKA BUZ LUKENS,
 FORMER MEMBER, U.S. HOUSE OF REPRESENTATIVES;
 CFPO - FEDERAL BRIBERY - OTHER
 (OO:WMFO)

PF:JL
4-5
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Title is marked CHANGED to add the names of subjects
 and DONALD EARL LUKENS (descriptive
 information below).

4-Bureau
 2-FBI Laboratory (encls. 8)
 1-Public Corruption Unit, CID
 1-Office of Public and
 Congressional Affairs

RE
 2-WMFO
 REA:rea
 (6)

58D-WF-172862-19
ma
7/2 30

Approved: RMB/GXA Transmitted _____
 (Number) (Time) Per _____

58D-WF-172862

Re WMFO airtel to Bureau dated 7/21/92 and telcalls
and in-person conversations during July and August, 1992
between WMFO Case Agent [REDACTED] and FBI Laboratory
SSA [REDACTED]

Enclosed for the Bureau are:

(a) handwriting exemplars of DONALD EARL "BUZ" LUKENS,
obtained 12/8/92, on IRS exemplar form 6540;

(b) three original checks, drawn on the Sovran Bank
account of [REDACTED] payable to "BUZZ LUKENS," as
follows:

Check number: 511
Date: November 7, 1989
Amount: \$2,000.00

Check number: 642
Date: April 13, 1990
Amount: \$1,000.00

Check number: 755
Date: August 9, 1990
Amount: \$1,000.00

(c) a two-page photocopy of the front and back of one
check, drawn on the First American Bank of Virginia (FABV)
account of [REDACTED] payable to "DONALD LUKENS,"
as follows:

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Check number: 948
Date: April 20, 1990
Amount: \$1,500.00

PURPOSE: To request that FBI Laboratory to conduct
handwriting examination/comparisons to determine who prepared
the enclosed documents.

DETAILS: Captioned investigation with Defense Criminal
Investigative Service (DCIS) addresses alleged illegal
activities, including bribery and/or gratuity; false claims;
false statements; gambling; Employee Retirement Income
Security Act (ERISA) violations; conspiracy; mail fraud; wire
fraud and money laundering.

A Holk Development, Inc. (HDI) employee has
admitted participation in creation of false documentation,
which supported claims against the U.S. Department of Defense
(DOD). [REDACTED] who resigned as a DOD Building

58D-WF-172862

Management Specialist, following his indictment in the Eastern District of Virginia (EDVA) in captioned matter, was convicted in August, 1992 on one count of bribery, in relation to money received from Holk Development, Inc. (HDI) President [redacted]
[redacted]

The enclosed exemplars of DONALD E. LUKENS contain signatures as they appear on items (b) and (c).

WMFO requests comparisons of the exemplars of DONALD "BUZ" LUKENS to the enclosed writings, to determine whether the person who prepared the documents can be identified. No fingerprint examination of the documents is being requested at this time, but it may be requested in the future.

Item (c) was obtained from FABV, as copied from microfilm records, and is the best copy available.

It is requested that the enclosed original checks be maintained so that fingerprint comparisons can be attempted, if requested by WMFO.

All enclosures herein, as well as results of the requested examination, should be forwarded to WMFO, Attention: SA [redacted] Squad C-20, NVMRA. For any questions, SA [redacted] may be contacted at (202) 324-6163. WMFO will furnish copies of pertinent results to DCIS.

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While this is a joint investigation with DCIS, no other person/agency has conducted handwriting examination of the enclosed or other evidence in this investigation.

Subjects [redacted] and DONALD EARL LUKENS are being added because of evidence developed, as follows:

[redacted] of HDI [redacted]
[redacted] assisted their daughter, subject [redacted] who was administrator of HDI's SEP Plan (Simplified Employee Pension), in the administration of the SEP. [redacted] is added as a subject because of evidence that she participated in the embezzlement of funds from the SEP Plan, in that money withheld from employees' pay was either not deposited, or was not deposited within the required time periods.

DONALD EARL "BUZ" LUKENS served in the U.S. House of Representatives from 1967-1971 and 1987-1990. The latter term ended after his conviction for contributing to the delinquency of a minor. During 1989-1990, LUKENS received

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four checks, totalling \$5,500, written by two persons then employed by HDI. Investigation indicates that these checks were written at the direction of HDI President [redacted] [redacted] and the employees were reimbursed in full for the amounts paid to LUKENS. Neither of the employees who wrote checks to LUKENS had a personal, business or other relationship with LUKENS which would have been the basis for a gift, loan or other transfer to him.

Both former employees have denied that they received any repayment of these amounts from LUKENS. During a December, 1992 interview, LUKENS acknowledged receiving money from "a woman from Pennsylvania" (which one of the employees was), but he did not admit receipt of the total money from her, and he denied receiving money from any other HDI employee. Evidence indicates that LUKENS did provide assistance to HDI regarding problems which [redacted] claimed that HDI was having with the U.S. Department of Defense.

Charges being considered for indictment of LUKENS in approximately January-February, 1993 include: bribery (18 USC 201); gratuity (18 USC 201); money laundering (18 USC 1956); and conspiracy (18 USC 371). Because monies received by LUKENS were apparently not deposited to his campaign fund, nor described in the transactions as being campaign contributions, charges under the Federal Election Campaign Laws are not anticipated at this time.

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Descriptive information regarding subjects added herein:

(1) Name:
Spouse:
DOB:
SSN:
Sex:
Race:
Residence:
Employment

(1) Name: Spouse: DOB: SSN: Sex: Race: Residence: Employment

(2) Name: DONALD EARL LUKENS (exemplars enclosed)
AKA: Buz Lukens,
DOB: 2/11/31
SSN: 286-28-8739
Sex: Male
Race: White
Residence: 1000 Sixth Street, S.W., Apartment 814,

58D-WF-172862

Washington, D.C.
Employment: Unemployed; former Member, U.S. House of
Representatives, 1967-1971 and 1987-1990

Memorandum

To : SAC WMFO [redacted] (C-9)

Date 5/16/91

From : SA [redacted] (C-9)

Subject: [redacted]

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Dates of Contact4/11/91**File #s on which contacted (Use Titles if File #s not available)**58D-WF-172862**Purpose and results of contact**

NEGATIVE
 POSITIVE
 STATISTIC

Description of
Statistical Accomplishment

Title of Case

File No.

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been decided definitely that this person is to be a witness in a trial or hearing.

58D-WF-172862 - 23

PERSONAL DATA

1

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1-58D-WF-172862

REA:rea

(3)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/16/91

1

A cooperative witness provided the following information concerning activities related to Holk Development, Inc. (HDI), [redacted] (references to [redacted] are to [redacted] [redacted] unless otherwise indicated) and other persons associated with HDI:

[redacted] In relation to Government contracts for work at the Pentagon, [redacted] an HDI employee, falsified documents at [redacted] direction.

[redacted] "is great at fabrication," in that he comes up with numbers "in a millisecond," and he "thinks real quick."

Some Congressmen with whom [redacted] had contact were FEIGHAN, of Ohio, STAN PARRIS, (former) of Virginia, and "BUZ" LUKENS, (former) of Ohio. Before she left HDI, [redacted] planned affairs to which members of Congress were invited. [redacted] conducted a fund raiser for STAN PARRIS during PARRIS' last election. [redacted] told [redacted] that she must change her residence from Pennsylvania to Virginia, and vote for STAN PARRIS.

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An HDI employee wrote a check for \$500 to a Mr. DEWINE, who was running for office in Ohio. The employee did not know DEWINE.

A U.S. Senator attended an election-related event, which was held at [redacted] boat, the Joanne I. The Senator came and left quickly.

An HDI employee was told by [redacted] to take an envelope to BUZ LUKENS, at Anton's Restaurant. However, the employee did not go. It was later learned that the envelope contained \$2,000, a "this-for-that" for a favor that LUKENS or someone else had done for [redacted] said something about the \$2,000 in the HDI office, to either [redacted] or [redacted]. This incident occurred about a year ago, and it was believed that it "had to do with getting a letter" in support

Investigation on 4/11/91 at Alexandria, VA File # 58D-WF-172862

by DCIS SA [redacted] Date dictated 4/19/91
FBI SA [redacted]

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Continuation of FD-302 of Cooperative Witness, On 4/11/91, Page 2

of a certificate of competency (COC). GSA (General Services Administration) was then holding up a COC. The cooperative witness stated, "With whatever he [redacted] did with whomever, he got the certificate of competency. I could not believe it when he got the contract."

[redacted] said that [redacted] (of the Small Business Administration, in Pennsylvania) was going to be the "top man" or "second man." It was apparent that they had an agreement for an amount to be paid. There were papers at HDI's office indicating that \$25,000 was to be paid, in \$5,000 payments. The "money for [redacted] was to help (HDI) get the COC." [redacted] talked about this in HDI's office, saying that this person had "the right contacts and can alleviate the problems we are encountering." The money went through [redacted]

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[redacted] [redacted] meets officials through [redacted] would say, "Tell [redacted] it's time for his \$5,000 payment," and that it was something relating to repayment of a "loan."

At HDI, they throw away the check stubs, and do not have invoices to show what they paid for things. Several times financial statements had to be prepared, and [redacted] would tell [redacted] of the accounting firm of Minotti and Reeves, what to do.

In the mornings, [redacted] calls the bank to see how much money HDI has in its account. Sovran Bank told HDI that they did not want them there. [redacted] daughter, now handles the checks.

The cooperative witness believes that HDI did \$11,000,000 in business during the four years of the "Pentagon days." Still, they had creditors "at the door." Some were not paid for a year, and they were only paid when companies "slapped a lien" on HDI.

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[redacted] borrowed \$7,500 from an HDI employee, [redacted] and told her that he would pay it back in about three months. After that time, he did not say anything about it, and he set a new date, which also passed. In the meantime, [redacted] bought a new racehorse around the end of 1990. Then he took

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Continuation of FD-302 of Cooperative Witness, On 4/11/91, Page 3

[redacted] and [redacted] on a vacation to Sarasota, Florida. After [redacted] complained about this, [redacted] told her that he gave her a paycheck, and added to the note for the loan, "On or before May 5."

The cooperative witness stated that [redacted] was not an employee of HDI. He draws a paycheck, but he does not do work "here," or at Cleveland. It is the same with [redacted] and the cooperative witness believes that they both reside at Wycliff, Ohio. The cooperative witness does not know what they are paid for.

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In a conversation about why [redacted] had always been on their payroll, [redacted] said, "I don't know," and she said the same regarding [redacted]. Both of them are still on the payroll, and they have been receiving checks for several years. "(E)verybody at work (HDI)" said that [redacted] is [redacted] bookie. The cooperative witness has "no idea" why [redacted] would be on HDI's payroll.

HDI's payroll account was previously at Sovran Bank, at Glebe Road and Columbia Pike, in Arlington, Virginia. It is now at First American Bank of Maryland, on Marlboro Pike.

At one time, [redacted] and [redacted] from the Defense Contract Audit Agency (DCAA) came to HDI's office. They also went to Cleveland, where they visited HDI's accounting firm. The cooperative witness stated, "I don't see how they couldn't have noticed there weren't books." [redacted] "had an explanation for everything." [redacted] who sat in the office where the DCAA employees came, expressed that she felt they were "incompetent."

During the more than four years that HDI was at the Pentagon, they did more than 900 jobs. They made up supporting documents regarding the jobs. The documentation that they submitted for some claims was not even the same as the kind of documentation submitted for others, for such items as work locations, man hours and daily reports.

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[redacted] operated a gambling operation in the trailer at the Pentagon, and inside the Pentagon, wherever HDI was working. [redacted] would hire people "with gambling

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Continuation of FD-302 of Cooperative Witness, On 4/11/91, Page 4

dependencies." The cooperative witness was not aware of [redacted] accepting bets from people who were not employees of HDI. The pattern with [redacted] was that, if there were "two minutes without something to do," they would play cards or bet "on anything." At any time, there were forty to fifty employees who would be betting, and "You were better off with [redacted] if you bet." There was betting on football, baseball, basketball, horses and boxing. [redacted] passed out sheets, which the employees marked and then gave back to [redacted]. Another HDI employee sometimes took them, and would occasionally bet with [redacted]. The scale of the betting activity dropped off after HDI left the Pentagon job, because the jobs were then spread all around.

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When asked about an "SEP" (Simplified Employees Pension) plan for HDI's employees, the cooperative witness stated that 3.5 % of an employee's "gross" was collected, and the SEP was to pay 10%, compounded daily. An HDI employee went to Kemper Insurance about the SEP and was told that the employer or the employee could pay it, and the employee had no recourse from them if the money was not paid.

One HDI employee learned that the 3.5 % was withheld from that employee's pay, to go into the insurance policy, beginning in February, 1989. The first deposit was not made until April, 1989. Seven deposits had been made for everybody (employees of HDI) in 1989.

Employees left HDI and were never told that they were owed money from the SEP.

At the end of 1989, HDI employees received statements from Kemper, showing the amount that Kemper had received. A couple of employees' wives called the HDI office and said that they should have received more than the amount reported. [redacted]

[redacted] was the administrator of the policy, which was written by Krishack Insurance. When [redacted] was told that the "figures don't jive," she said, "We're paying quarterly, and last quarter didn't get in."

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One employee's wife told another HDI employee that the money was supposed to be deposited monthly. This was told to [redacted] who said that she had called the insurance company, "and we can deposit yearly if we want to." When an HDI employee asked [redacted] how the money could be earning interest daily if it

58D-WF-172862

Continuation of FD-302 of Cooperative Witness, On 4/11/91, Page 5

was deposited quarterly or annually, [redacted] discontinued the conversation.

In April, 1990, an HDI employee called Kemper Insurance and found out that the employee's SEP balance was the same that it had been two quarters before. [redacted] wife and other employees' wives called about the SEP. The wives did their own "investigations" and about six of them got together to call the insurance company and ask for a list of deposits. All of them were given the same dates. b6 b7C b7D

Regarding whether any loans had been made from shareholders of HDI to the company, [redacted] said that [redacted] had borrowed money from him, which the cooperative witness said was a loan to the company. However, the cooperative witness does not know whether [redacted] is a shareholder of HDI.

[redacted] was a partner with [redacted] in Holk Environmental. The cooperative witness thinks that [redacted] and someone else bought out [redacted]. There has recently been an Ohio lawsuit involving Holk Environmental.

In 1989 [redacted] made, from HDI only, an amount like \$183,000. This was about \$150,000, plus a \$30,000 bonus. [redacted] did [redacted] taxes, and he left a folder containing this information on a desk in the office. b6 b7C b7D

Regarding social outings such as parties on [redacted] yacht, the cooperative witness was aware that [redacted] was "in turmoil" with herself because of the way things were done at HDI. Therefore, she only attended an outing when it was a "command performance."

HDI employees are paid according to [redacted] requirements. All health and other insurance is through Krishack Insurance. One HDI employee never got any money back at the end of the month regarding collections for benefits. The employee's salary should have been about the same monthly, unless the employee worked extra. However, the amount paid monthly to Kemper for the employee has not been the same. This employee once calculated, for the period since 1989, the amounts that should have been paid to Kemper for the employee's insurance and SEP, and found a gap of "a couple thousand dollars" between what

58D-WF-172862

Continuation of FD-302 of Cooperative Witness, On 4/11/91, Page 6

the employee's pay stubs indicated had been withheld and what was actually paid.

The cooperative witness's information is that there were seven SEP deposits in 1989, four in 1990 and none so far in 1991. When asked whether there was enough money in HDI's account to bring the SEP's "up to speed," the cooperative witness replied, "Absolutely not. We are in a minus condition in payroll and in general account."

During one of the last six months, HDI had \$700.00 in "NSF's" (non-sufficient funds checks), at \$25.00 a piece.

[redacted] deals personally with the accounts at Cleveland.

HDI is now behind in IRS (Internal Revenue Service) and state employee tax deposits.

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[redacted] The cooperative witness's impression is that [redacted] thinks everybody is too stupid or too dependent to do anything about the things that he does.

[redacted] is working on getting an extension on the GSA contract that was signed in November. Its first year was to be for \$1.5 million, and they are now into the second year of funding.

[redacted] has contacts through [redacted] to a Mr. [redacted] at GSA, who is "second in command" of the component involved.

U.S. Department of Justice



Federal Bureau of Investigation

In Reply, Please Refer to
File No.

1900 Half Street
Washington D. C. 20535

May 20, 1991

[Redacted]
DBA Holk Development, Inc.,
7929 Parston Drive, Forestville, Maryland;
Corruption of Federal Public Officials - Federal Bribery - Other

Investigation in this matter was initiated by the Federal Bureau of Investigation's (FBI) Washington Metropolitan Field Office (WMFO) upon referral from the United States (U.S.) Attorney's Office, Eastern District of Virginia (EDVA), regarding information developed in a procurement fraud investigation by the Defense Criminal Investigative Service (DCIS), Washington Field Office. FBI WMFO and DCIS are now jointly investigating alleged illegal activities by owners and employees of Holk Development, Inc., and allegations of preferential treatment and/or receipt of bribes by U.S. Government employees.

Holk Development, Inc. (HDI) began as an 8(a) business in Cleveland, Ohio. [Redacted]

[Redacted] is a potential witness and/or subject, regarding an alleged \$11,000 bribe of a Pentagon official from [Redacted]
[Redacted] who currently owns HDI with his wife, [Redacted]

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Since 1987, HDI has had approximately \$14,000,000 in Department of Defense (DOD) construction/renovation contracts, and it continues to pursue General Services Administration (GSA) contracts, despite significant problems with creditors and inadequate record keeping. The U.S. Army Procurement Fraud Division is considering suspension and debarment action against HDI, for false claims.

HDI obtained Pentagon contracts through the Federal Facilities Division (FFD), working with FFD officials [Redacted]

A DOD

58D-WF-172862-25
SEARCHED INDEXED
SERIALIZED FILED

MAY 20 1991

[redacted] AKA; ET AL

contracting official described how officials in FFD afforded HDI special treatment and appeared to avoid close scrutiny of HDI's performance. A person who was employed by HDI has admitted participation in creation of false documentation to support equitable adjustment claims against a DOD term contract.

FFD and the Procurement and Contracts Office (PACO) (which has oversight functions regarding FFD actions) are components of the Pentagon's Real Estate and Facilities Directorate. At a time when [redacted] was complaining about mistreatment by PACO, PACO'S Director and the Pentagon's Director of Administration and Management were summoned to the office of Ohio Congressman EDWARD F. FEIGHAN. After that meeting, a commitment was made that required four managerial officials to sign off on all PACO correspondence to [redacted]. A contracting official with twenty years in Government contracting reported never seeing such a requirement before, and that it hampered the oversight of HDI'S work. b6 b7C

Among evidence developed is an apparent agreement between Congressman FEIGHAN and [redacted] by which FEIGHAN agreed for himself or his wife to purchase 45% of HDI'S affiliated company, Holk Environmental Services, Inc., with FEIGHAN to assume management control of Holk Environmental. The agreement was reportedly included in an HDI letter to the Small Business Administration (SBA), in support of SBA'S consideration of HDI'S certificate of competency. Consummation of such an agreement has not been proven.

A cooperative witness reported that [redacted] made campaign contributions to FEIGHAN and other members of Congress. HDI maintains a yacht in Washington, D.C., where members of Congress and other officials have been entertained. A contractor who owed HDI money was told by [redacted] to deduct \$700 from his invoice and pay it to an Ohio election committee.

Two persons have described checks they wrote, while employed at HDI, to Congressman DONALD E. "BUZ" LUKENS, for which [redacted] reimbursed them. Investigation is continuing to determine the basis for these checks.

It is alleged that a regional SBA official (or former official) was involved with a \$25,000 bribe to help secure a GSA term construction contract for HDI, including the requisite certificate of competency, despite HDI'S documented problems in paying vendors.

[redacted] It is alleged that [redacted] son, [redacted] conducted a gambling operation for HDI personnel, numbering approximately 40-50. Employees also report threats

b6
b7C

[REDACTED] AKA; ET AL

of job loss or physical harm for failure to pay gambling debts.

Employees of HDI stated that HDI deducted 3.5% of their gross pay for insurance/pension benefits, through the associated Krishack Insurance Agency, Cleveland, Ohio, but many of the proceeds were not paid to the underwriter. Such diversion may constitute violation of the Employee Retirement Income Security Act (ERISA).

[REDACTED] is described as follows:

Name:

[REDACTED]

Sex:

Male

Race:

White

Date of Birth:

[REDACTED]

Social Security
Account Number:

[REDACTED]

b6
b7C

Employment:

[REDACTED] is described as follows:

Name:

[REDACTED]

Also Known as:

Sex:

Male

Race:

White

Date of Birth:

[REDACTED]

Social Security
Account Number:

[REDACTED]

Employment:

Holk Development, Inc.,
Forestville, Maryland

On April 3, 1991, Special Assistant U.S. Attorney [REDACTED] (EDVA), advised that, if investigation substantiated these allegations, his office would pursue appropriate prosecutions. FBI/DCIS investigation of this matter is continuing, in coordination with EDVA.

Memorandum

To : SAC WMFO [redacted] (C-9)

Date 5/30/91

From : SA [redacted] (C-9)

Subject: [redacted]

b2
b6
b7C
b7D

Dates of Contact5/22/91**File #s on which contacted (Use Titles if File #s not available)**58D-WF-172862
[redacted]
[redacted]
[redacted]**Purpose and results of contact**

NEGATIVE
 POSITIVE
 STATISTIC

**Description of
Statistical Accomplishment**

Title of Case**File No.**

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been decided definitely that this person is to be a witness in a trial or hearing.

58D-WF-172862-29
[Handwritten signatures and initials]

PERSONAL DATA

1

1

(1) 58D-WF-172862

REA:rea

(3)

[Handwritten signature]

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/30/91

A cooperative witness provided the following information concerning activities related to Holk Development, Inc. (HDI), [REDACTED] and other persons associated with HDI:

While [REDACTED] was still employed at Holk Development, and while BUZ LUKENS was still in Congress, [REDACTED] once told an HDI employee that he was supposed to have dinner with BUZ LUKENS at Anton's Restaurant and give LUKENS \$2,000, but he [REDACTED] could not go. [REDACTED] tried to have an HDI employee go, but the employee declined.

This was a "rush thing" and LUKENS "had to have \$2,000, and he had to have it right now."

The source could not advise the exact date of this incident. [REDACTED] came to the Holk Development office and picked up the envelope, which was believed to be after [REDACTED] talked to [REDACTED] on the telephone.

b6
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b7D

Investigation on 5/22/91 at _____ File # 58D-WF-172862by DCIS SA [REDACTED] Date dictated 5/30/91

Memorandum

To : SAC WMFO [redacted]

Date 12/17/91

From : SA [redacted] (C-9)

Subject: [redacted]

b2
b6
b7C
b7D

Dates of Contact11/26/91

File #s on which contacted (Use Titles if File #s not available)

58D-WF-172862

Purpose and results of contact

NEGATIVE
 POSITIVE
 STATISTIC

**Description of
Statistical Accomplishment**

Title of Case**File No.**

58D-WF-172862-67

Information herein obtained confidentially; informant's name is not to be disclosed in a report or otherwise unless it has been decided definitely that this person is to be a witness in a trial or hearing.

PERSONAL DATA

1

1

1-58D-WF-172862

REA:rea

(3)

COZ

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/6/91

A cooperative witness provided the following information concerning activities related to Holk Development, Inc. (HDI). [] (references to [] are to [] unless otherwise indicated) and other persons associated with HDI:

[] On November 25, 1991, [] said to [] and to someone on the phone, "Thank God you can depend on the inefficiency of the Government." He said that the Government took twenty boxes (during searches in Ohio), but regarding two boxes, "If they had gotten those, I'd be in jail today. Thank God they didn't get those two cartons."

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b7D

Source stated that [] is bragging about this now, but Source does not know whether [] claim is "for real." [] did not say what the contents of the two boxes were supposed to be.

[] has said repeatedly that he was sure that the HDI office was "bugged."

On November 25, 1991, [] approached an HDI employee who had provided money to BUZ LUKENS for []. [] made this person write a receipt regarding checks that the person had written to LUKENS, totalling \$4,500. The receipt indicated that the person had received the money back. [] had the employee date the receipt November 25, 1991. [] was at Holk when the receipt was done, and [] gave the receipt to []. [] did not give a clear explanation about this incident.

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b7C
b7D

On November 26, 1991, HDI employee [] was told, "in paperwork only," that she was becoming Assistant Secretary of HDI. [] had [] write a letter from the company to herself, extending congratulations and welcome to the "Holk family." [] wife. [] in Cleveland, is HDI's Secretary. [] told office

Investigation on 11/26/91 at telephonically) FED-WF-172862

by SA []Date dictated 12/3/91

58D-WF-172862

Continuation of FD-302 of Cooperative witness, On 11/26/91, Page 2

personnel that they needed someone here (Maryland) who could sign some papers.